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NASA
Procedural
Requirements

NPR 4000.1

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COMPLIANCE IS MANDATORY

NASA Logistics Management Operations Compensating Controls Reviews

Responsible Office: Logistics Management Division

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Preface

P.1 Purpose

- a. This NASA Procedural Requirement (NPR) 4000, NASA Logistics Management Operations Compensating Controls Reviews, supports the policy outlined in NASA Policy Directive (NPD) 1210.2, NASA Surveys, Audits, and Reviews Policy. It provides specific guidance regarding the requirements for conducting NASA Headquarters (HQ) Logistics Management Division (LMD) Compensating Controls Reviews (CCRs). These CCRs are internal examinations that are performed by HQ and Center personnel who ensure regulatory and policy compliance, as well as application of standards for NASA Logistics Management Operations (LMO).
- b. These reviews assess performance in the LMO areas consisting of supply, equipment, disposal, storage/warehousing, contract property management, mail management, transportation, and fleet management, as well as compliance with established laws, regulations, policies, and requirements. NASA CCRs are intended to assess a Center's LMO program by identifying potential strengths and weaknesses and providing specialized technical or management support to ensure that strengths are leveraged and that weaknesses are remedied. Center strengths that the CCR Team identifies as logistics management best practices will be shared for potential Agency-wide implementation.

P.2 Applicability

- a. This NPR is applicable to NASA HQ and NASA Centers, including Component Facilities and Technical and Service Support Centers.
- b. This language applies to JPL, other contractors, grant recipients, or parties to agreements only to the extent specified or referenced in the appropriate contracts, grants, or agreements.
- c. This NPR applies to all components of LMO, including Government personal property and transportation managed and used by NASA HQ, NASA Centers, laboratories, and test facilities.
- d. A requirement in this NPR is identified by "shall," a good practice by "should," permission by "may" or "can," expected outcome or action by "will," and descriptive material by "is" or "are" (or another verb form of "to be").

P.3 Authority

- a. 42 U.S.C. 2473 (C) (1), Section 203(c)(1) of the National Aeronautics and Space Act of 1958, as amended.
- b. NPD 1210.2, NASA Surveys, Audits, and Reviews Policy.

P.4 Applicable Documents

None.

P.5 Measurements/Verification

The LMD CCR process is a formal assessment of how well an LMO function performs its mission and the quality of the logistics organization, staffing, and management controls. The review identifies significant management indicators and benchmarks that highlight potential successes and weaknesses. The CCR program evaluates and monitors the LMO to ensure that sufficient checks and balances are in place that adhere to Agency policy.

P.6 Cancellation

None.

//S// Thomas Luedtke

Assistant Administrator, Office of Institutions and Management

Chapter 1. Responsibilities

1.1 The Director for HQ LMD shall be responsible for overseeing the CCR Program in accordance with the guidance provided in NPD 1210.2, NASA Surveys, Audits, and Reviews Policy, including designating a CCR Team Lead to review the LMO at NASA Centers.

1.2 The CCR Team Lead shall be responsible for managing all aspects of the program, including the budget, schedule, and CCR Team members.

1.3 The CCR Team shall be responsible for reviewing functional areas consisting of supply, disposition, storage/warehousing, equipment management, contract property management, mail management, and transportation/fleet management.

Chapter 2. Procedures

2.1 Introduction

2.1.1 CCRs shall be conducted at NASA Centers and performed on a rotational basis as determined by events and priorities. HQ LMD will develop a tentative schedule of reviews to be performed annually.

2.1.2 Prior to the review, the Office of Strategic Infrastructure (OSI) shall send a letter to the Center Director, with a copy to the Center Logistics Manager, coordinating the scope and time of the review.

2.1.2.1 Upon notification by HQ LMD of a scheduled review, Centers shall send their information, procedures, guidelines, logistics contractor statements of work, and personnel information to the CCR Team Lead.

2.1.2.2 The information and specified documents and policies relating to supply and equipment management shall be reviewed by the CCR Team prior to the actual site visit.

2.2 Review Process

2.2.1 The CCR Team shall review and evaluate the processes and procedures of the Center's LMO, including supply, disposition, storage/warehousing, equipment management, contract property management, mail management, and transportation/fleet management programs to ensure compliance with policies, requirements, and guidance in NPDs, NPRs, and other applicable documents.

2.2.2 An entrance briefing shall be held with Center officials, including the Supply and Equipment Management Officer (SEMO), the Industrial Property Officer (IPO), the Property Disposal Officer (PDO), and the Transportation Officer. The entrance briefing shall include the following:

- a. Purpose and objectives of the CCR.
- b. Overview of logistics management operations.
- c. Identification of key personnel.
- d. Arrangements for meetings and interviews.

e. Provisions for the completion of the review.

2.2.3 CCRs are conducted in accordance with written criteria, checklists, and/or protocols based on applicable requirements (e.g., NPDs, NPRs, Federal regulations). The criteria includes a review of previous findings, if applicable, corrective actions, and an evaluation of the continued effectiveness of those corrective actions.

2.2.4 To maximize the value of each CCR, continual communication between the CCR Team and the Center LMO staff will occur throughout the review schedule.

2.2.5 Each CCR Team member will be assigned (by the CCR Team Lead) one or more functional areas to evaluate.

2.2.5.1 Best business practices and review methods shall be used to ensure that the processes and procedures of the Center are in compliance with current property management requirements.

2.2.5.2 All records/documentation pertaining to responsibilities, deviations, delegations, staffing, and training within each of the Center's functional areas shall be reviewed, including the following:

a. Supply/Material Management: Requisitioning; purchase card transactions; desktop/Just-In Time deliveries; store, standby, and program stocks; warehousing; supply management system; Federal Catalog System, Activity Address Codes; inventory control/transactions; and turnover ratios.

b. Equipment: Acquisition; receiving, identification; equipment controls; financial accountability; property accountability; controlled property; noncontrolled property; sensitive property; historical assets; loans/leases, both domestic and foreign; movement and storage, utilization and maintenance; reports of survey; physical inventories; and support for special programs.

c. Disposal: Acquiring/reporting NASA idle or excess personal property; screening timeframes; utilization/donation/sales of personal property; Stevenson-Wydler Technology Innovation Act transfer documentation; disposal of foreign property; exchange/sale of property; recovery of precious metals; excess warehouse; short/long-term storage.

d. Transportation/Fleet Management: Packaging, handling, and transportation of equipment; acquisitions; utilization; fuel consumption; alternative fuels; maintenance; safety; motor vehicle database; fleet card; license tags; excess vehicles; specialized motor equipment; watercraft; trains; passports/visas; household goods/shipments; transit subsidy program; carpools/vanpools; and

local travel.

e. Mail Management: Management of internal, incoming, and outgoing mail; postal accountability of costs for commercial meter mail processing; compliance with Agency, U.S. Postal Service, and General Services Administration domestic and international mail management standards and guidelines; security training of mail center employees and handling of suspicious mail.

f. Contract Property Management: Procurement documentation; grants and cooperative agreements; reviews of contractor property management systems, standards, and practices; property accountability controls; delegations; plant clearance; and disposition.

2.2.5.3 Each Team member will also interview key logistics management personnel.

2.2.5.4 Interview notes shall be taken as accurately as possible, documented, and retained to reflect key questions and will be retained as a backup.

2.2.5.5 Team members also shall summarize their observations and recommendations for incorporation into the final summary report.

2.2.6 The CCR methodology is divided into six general steps as identified in Figure 2-1.

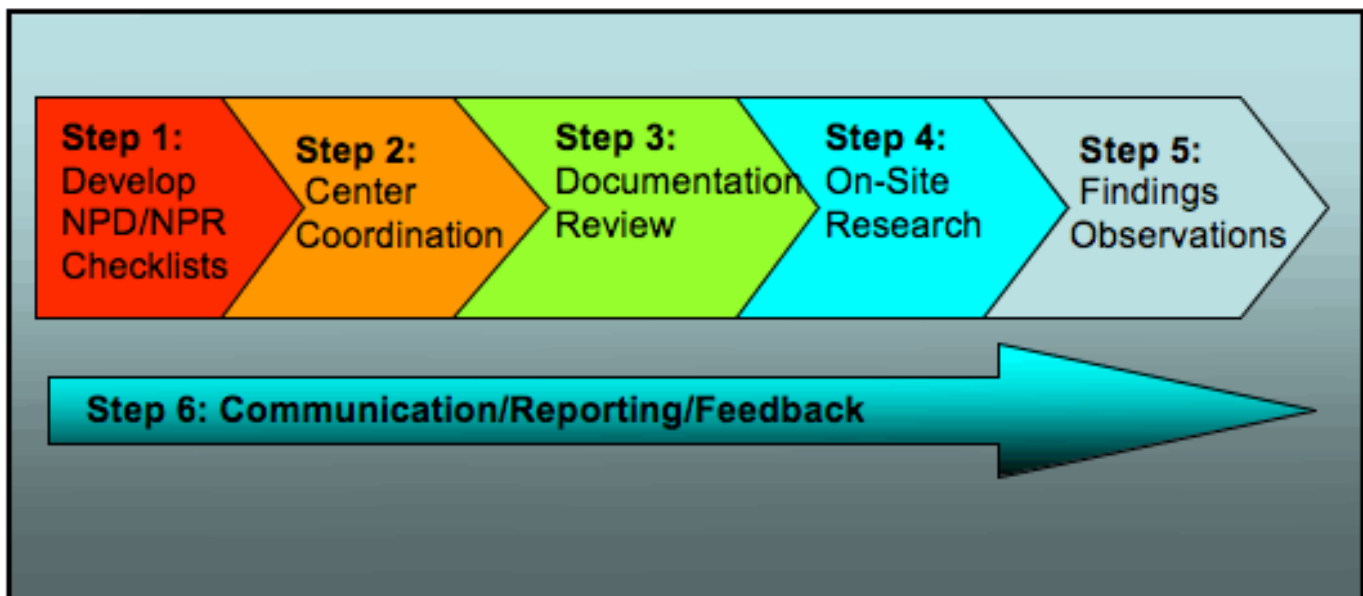


Figure 2-1: Compensating Controls Review Methodology

2.2.7 The Review Team shall meet daily to provide progress updates and discuss preliminary observations and recommendations.

2.2.7.1 Any significant findings identified during the Review Team meetings shall be discussed with the Center Logistics Operations Director and the Director of LMD.

2.2.8 Upon the conclusion of the review, the CCR Team shall conduct an exit briefing with Center personnel, including the Center Director or designee.

2.2.8.1 The Team shall present observations and recommendations at the exit conference. During the meeting, the Team provides the Center representatives with an opportunity to comment or voice dissenting opinions.

2.2.9 At the conclusion of the CCR and upon return to HQ, the Team shall draft a report of the observations and recommendations as specified in Chapter 3.

Chapter 3. Report Requirements

3.1 The CCR report will include noteworthy accomplishments and best logistics management practices conducted by the Center to share Agencywide. In addition to the Center's logistics management operational strengths, the report shall identify functions that are not being performed in accordance with regulations and shall recommend improvements needed to bring the Center to full compliance. The CCR Summary Report format follows:

- a. Executive Summary: A high-level summary and observations of the overall LMO at the Center.
- b. Table of Contents.
- c. Functional Areas Review Assessments describing detailed observations, evaluations, recommendations, and actions identified by the Review Team.
- d. Noteworthy Areas: Unique, positive observations deserving written recognition as potential Agency best practices.
- e. Attachments, including related memorandums, organizational charts, and other backup documentation.

3.2 A final report shall be submitted for review to the Director of LMD and approved by the Assistant Administrator for OSI. This report shall then be forwarded to the Center Director by LMD. The official copy shall be retained by LMD in accordance with the requirements of NPR 1441.1 NASA's Records Retention Schedule.

Appendix A. Definitions

- A.1 **Activity Address Codes.** A six-position code, composed of numbers, letters, or a combination of both, assigned for use on requisition documents submitted to Government supply sources to identify the requisitioner, the consignee, and the payee.
- A.2 **Compensating Controls Review.** A review to assess the performance of Logistics Management Operations at NASA Centers.
- A.3 **Contract Property.** Government property in the possession of contractors. Includes both property furnished by the Government from existing inventory and property acquired by the contractor and titled to the Government through the operation of the property clause.
- A.4 **Controlled Property.** All nonsensitive equipment with an acquisition cost of \$5,000 or more that have an estimated service life of two years or more and will not be consumed or expended in an experiment. Also, selected items of equipment, such as weapons and certain types of hazardous devices with an acquisition cost less than \$5,000 that are designated and identified as sensitive by the holding Center
- A.5 **Desktop/Just-In-Time Deliveries.** Immediate delivery of items or services to the computer desktop as the need arises.
- A.6 **Excess Personal Property.** Personal property determined unnecessary to the needs and discharge of the holding organization and, therefore, returned to the Center Property Disposal Officer (PDO) for reutilization or disposal.
- A.7 **Excess Warehouse.** Property that has been determined excess and is stored in one warehouse for ease of screening and final disposition.
- A.8 **Federal Catalog System.** Encompasses the naming, description, classification, and numbering as well as the publication of related identification data of all items carried under centralized inventory control by the DOD and the civilian agencies of the Federal Government.
- A.9 **Idle Personal Property.** Equipment, not in current use, held for a specified time for other potential needs before further disposition.
- A.10 **Purchase Card Transactions.** The use of a Government-issued credit card for the authorized purchase of goods or services.
- A.11 **Reports of Survey.** A report of administrative action taken to investigate and review the loss, damage, or destruction of Government property and to assemble pertinent facts and determine the extent of such loss, damage, or destruction.

- A.12 **Sensitive Property.** An item of equipment that, due to its pilferable nature or the possibility of it being a hazard, requires a stringent degree of control. A sensitive item can be capital or noncapital equipment. Generally, sensitive items are controlled at an acquisition cost of \$500 or more and are desirable for personal use.
- A.13 **Specialized Motor Equipment.** A vehicle or trailer modified to accommodate unique or unusual cargo for specific mission requirements.
- A.14 **Stevenson-Wydler Act.** The Stevenson-Wydler Technology Innovation Act of 1980 as amended, 15 U.S.C. 3710 et seq., Section 303 of Pub. L. 102-245 (February 14, 1992):

"(i) Research Equipment - The Director of a laboratory, or the head of any Federal agency or department, may give research equipment that is excess to the needs of the laboratory, agency, or department to an educational organization or nonprofit institution for the conduct of technical and scientific education and research activities. Title of ownership shall transfer with a gift under the section."

Appendix B. Acronyms

CCR	Compensating Controls Review
FMR	Federal Management Regulation
HQ	Headquarters
IPO	Industrial Property Officer
LMD	Logistics Management Division
LMO	Logistics Management Operations
NPD	NASA Policy Directive
NPR	NASA Procedural Requirement
OSI	Office of Strategic Infrastructure
PDO	Property Disposal Officer
SEMO	Supply and Equipment Management Officer

Appendix C. References

- C.1. The Federal Property and Administrative Services Act of 1949, as amended.
- C.2. 41 Code of Federal Regulations (CFR) Chapter 102, Subchapter C, Federal Management Regulation (FMR).
- C.3. Federal Acquisition Regulations (FAR) Part 45, 48 CFR Parts 45 and 52, Government Property.
- C.4. NPD 4100.1, Supply Support and Material Management Policy.
- C.5. NPR 4100.1, NASA Materials Inventory Management Manual.
- C.6. NPD 4200.1, Equipment Management.
- C.7. NPR 4200.1, NASA Equipment Management Procedural Requirements.
- C.8. NPR 4200.2, Equipment Management Manual for Property Custodians.
- C.9. NPD 4300.1, NASA Personal Property Disposal Policy.
- C.10. NPR 4300.1, NASA Personal Property Disposal Procedural Requirements.
- C.11. NPD 6000.1, Transportation Management.
- C.12. NPR 6000.1, Requirements for Packaging, Handling, and Transportation for Aeronautical and Space Systems, Equipment, and Associated Components.
- C.13. NPR 6200.1, NASA Transportation and General Traffic Management.
- C.15. NASA FAR Supplement Parts 1845 and 1852, 48 CFR Parts 1845 and 1852, Government Property.
- C.16. Federal Accounting Standards Advisory Board, Statements of Federal Financial Accounting Standards, <http://www.fasab.gov/standards.html>.
- C.17. General Services Administration, The Financial Systems Integration Office, Joint Financial Management Improvement Project Standards, http://www.fsio.gov/fsio/fsiodata/fmlob_sbp.shtml.
- C.18. ASTM International, American Society for Testing and Materials Standards for Property Management Systems, <http://www.astm.org/Standard/index.shtml>.